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Corporate disclosures on Curbing Foreign Bribery and the UK Bribery Act 2010: Evidence from UK companies

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Abstract

This study aims to investigate whether and how United Kingdom (UK)-based companies have changed their disclosures on curbing foreign bribery in response to the UK Bribery Act 2010 and whether such disclosure changes substantively reflect real allegations or incidents of foreign bribery. Along with provisions embedded within the UK Bribery Act, international guidelines on the elimination of foreign bribery suggested by the Transparency International form the basis of the disclosure index used to measure the disclosures on elimination of foreign bribery by the Top 100 London-listed companies between 2009 and 2012. Results show a significant change in disclosure from before the enactment of the UK Bribery Act to after, consistent with notions of institutional coercive isomorphism. On in-depth examination of news media articles and corporate reports, it is revealed that there is a high level of decoupling with some sample companies, whilst others disclose information but not substantive enough to reflect real events. Such research is imperative as this is the first known study that provides evidence of the actions companies have taken in response to the UK Bribery Act.

Keywords: UK Bribery Act 2010, foreign bribery, disclosure, isomorphism, decoupling

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1. Introduction

Little is known about whether corporations operating globally adopt measures to combat foreign bribery, and whether and how such measures are disclosed through different avenues of corporate media including annual reports, corporate social responsibility (CSR) reports and corporate websites. Within the accounting literature, while Everett, Neu & Rahaman (2007) and Neu et al., (2013) acknowledge that accounting and related disclosure practices serve as intermediaries between theoretical anti-corruption projects and the practical manifestation of such projects, there is a general lack of empirical research that investigates whether such practices are influenced by newly enforced regulation. Moreover, corporations' measures to curb foreign bribery and their accompanying disclosures are seemingly highly under researched in the arena of accounting. This study fills the gap in this literature.

International governmental organisations (IGOs) such as the Organisation for Economic and Co-operation and Development (OECD) and non-governmental organisations (NGOs) such as Transparency International (TI) criticised the state of the anti-bribery laws in the United Kingdom (UK) for many years. This criticism contributed to the UK Bribery Act 2010, which came into force on 1 July 2011 (Ministry of Justice, 2011). Regarded as the "toughest anti-corruption legislation in the world" (Russell, 2011 p. 1), the UK Bribery Act criminalises the promising or giving of a financial or other advantage to a foreign public official to achieve a business advantage. It also provides jurisdiction over foreign bribery acts committed by any corporation with operations in the UK (Ministry of Justice, 2011). The factor in this Act that has sparked major controversy is its provision that criminalises corporations' failure to prevent bribery (Milford, 2013). If organisations can prove that they adopt adequate procedures and measures to prevent bribery, such as the disclosure of anti-bribery procedures, they may use it as mitigating evidence (The UK Bribery Act (s.7.2). In this sense, the Act is unprecedented. In no other country has an anti-bribery law been aimed at organisations' accountability and transparency in their efforts (and failures) to curb foreign bribery². The UK Bribery Act concentrates on corporate culture. It is, therefore, interesting to see how organisations have (or have not) responded to the expectations of the Act.

While transparency and accountability are the UK Bribery Act's objectives, the ability to influence transparency and accountability relies on well-implemented compliance measures and organisational ethics programs. Bribing foreign officials to obtain an advantage in business decisions is a serious problem that not only threatens social, political and economic structures, especially those of developing nations, but also adversely affects companies involved in international commerce. Foreign bribery also undermines democracy and threatens economic progress (Venard & Hanafi, 2008; Ministry of Justice, 2011). The World Bank (2013, Para. 6) estimates that foreign bribery costs US\$1000 billion every year. This estimate includes all forms of foreign bribery between Multinational Corporations (MNCs)

² See for example: (1) The United States' Foreign Corrupt Practices Act 1977, (2) German anti-bribery laws such as the EU Anti-Bribery Law 1998 and Combating International Bribery 2002 (3) Australia's anti-bribery provisions under the Criminal Code Act 1995 (4) People's Republic of China anti-bribery provisions under Criminal Law (5) India's Prevention of Corruption Act 1988 only criminalise the willful bribery of foreign public officials in order to gain a business advantage but do not find companies liable for their failure to prevent bribery.

and foreign public officials (World Bank, 2013, para. 11). Foreign bribery has often been overshadowed and generalised as merely another form of corruption (Everett et al., 2007 on corruption) and so there is a strong need to address foreign bribery as a standalone societal concern. Thus the introduction of the UK Bribery Act and stronger shareholder interest presents a unique research opportunity.

The aim of this study is two-fold. First, investigate whether and how UK-based corporations have changed their disclosures on curbing foreign bribery in response to the UK Bribery Act 2010. Second, whether such disclosure changes substantively reflect real allegations of foreign bribery. Analysis of corporate media [annual reports and corporate social responsibility (CSR) reports] by London's Stock Exchange top 100 companies from 2009-2012 and in-depth examination of news media articles in relation to these companies were conducted to support the aim. Through an institutional theoretical lens, we found corporations' disclosures on curbing foreign bribery significantly increased from 2009 to 2012. This finding is consistent with institutional coercive isomorphism, which suggests that organisations will conform to the demands of regulation to attain and maintain legitimacy (DiMaggio & Powell, 1983; Carpenter & Feroz, 2001; Tuttle & Dillard, 2007). Based on the concept of decoupling, a fundamental component of institutional theory (Fiss & Zajac, 2006; Sandholtz, 2012), the results of this study also show that organisations' disclosure change is not substantively reflective of foreign bribery allegations and incidents. There was a mismatch between organisational practice (disclosures) and organisational action (foreign bribery incidents). Results from in-depth investigations into three company cases - Smith & Nephew, AstraZeneca, and Barclays observe variation in organisation's level of disclosure and degree of decoupling.

This study is imperative because the disclosure response of corporations to the UK Bribery Act is yet to be researched. While many studies have examined the content and implications of the UK Bribery Act on employees and how this Act may differ from other anti-bribery laws (Kirk, 2011; Donohoe, 2011; Dunst, Diamant, & Kung, 2011; Richard & Cassam, 2012; Yeoh, 2012a; 2012b; Lord, 2013), this study is the first study to focus on how corporations respond to it. There is also a need to delineate foreign bribery from the much broader subject of corruption because, in light of this Act, corporations are now expected to apply a higher level of accountability and transparency in international transactions.

The rest of the paper is outlined in the following manner. Section 2 provides background of the bribery of foreign officials and stakeholder concern as well as the requirements and uniqueness of the UK Bribery Act 2010. Section 3 provides an overview of institutional theory, focusing on coercive isomorphism and the concept of decoupling. Section 4 outlines the research method of this study. Section 5 describes the results in relation to the research questions. Section 6 provides a discussion of the results. Section 7 provides conclusion.

2. Bribery of foreign officials: Background

2.1 Bribery of Foreign Officials and Stakeholder Concern

Business activity on a global scale is at the forefront of many MNCs' agendas (Lord, 2013). Often, third party representatives, agents and intermediaries in overseas jurisdictions are used to bribe officials to win or maintain contracts with foreign governments (Sung, 2005; Cleveland et al., 2009). For many years, researchers have documented the fragile and underdeveloped democratic institutions and market structures within developing nations. They have argued that such situations are welcoming for corruptive behaviour (Meny, 1996; Williams & Beare, 1999, Adeyeye, 2012 p.70). It is widely accepted that cross-border bribery is prevalent in developing nations in which local anti-bribery regulation holds little to no power over big MNCs (Lane, 1984; Scott et al., 2002; Sanyal, 2012).

Today, MNCs experience a globalised, connected and intertwining network of operations that makes them increasingly susceptible to organised bribery. In such an environment, corporations are faced with the hard challenge of implementing and monitoring effective anti-bribery measures (Baughn et al., 2010). Therefore, governments of many developed nations face difficulties in regulating multinational transactions, in which attempts to do so are not without pressure from external stakeholders, IGOs and NGOs (Lord, 2013).

News media plays an important role in generating worldwide concern over foreign bribery practices by MNCs (Stapenhurst, 2000, p.3; Macdonnel & Pesic, 2006, p.110; Welford, Chan & Man (2007). For Stapenhurst (2000, p. 3), the media can promote good governance and curb bribery by serving as an impediment to bribery when corrupt foreign public officials are exposed and prosecuted. News of high profile people experiencing public humiliation, loss of prestige, social standing, and income can deter further acts of bribery and corruption (Macdonnel & Pesic, 2006, p.113).

For many years, combating foreign bribery has been a main priority for NGOs such as TI and the IGOs such as the OECD (Wilder & Ahrens, 2001; Carr & Outhwaite, 2011). One of the most well-known anti-bribery initiatives is the OECD 1997 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (hereafter OECD Convention) (George et al., 2000; Nadipuram, 2013). The OECD Convention's objective is promoting fair international business activity by requiring all signatory countries to criminalise the bribery of foreign officials (OECD, 1998). TI is committed to guiding corporations in implementing and monitoring a robust anti-bribery program (TI, 2010). Both OECD and TI initiatives create awareness of the need to counter foreign bribery. These organisations pressure corporations to be transparent and accountable by recommending companies to disclose adequate anti-bribery policy information, and by providing meaningful procedures to help companies to conform to the relevant regulatory landscape each company faces (Adeyeye, 2012, p. 50; OECD, 2009; TI, 2010;).

In the context of developing nations, anti-bribery initiatives are threatened by ineffective bribery legislation and lack of local support (Sanyal, 2012; Shehu, 2004). In some cases, it may be due to the absence of an international treaty such as the OECD Convention. When it involves natural resources, the MNCs appear more aggressive to obtain contracts to explore

the developing countries' natural resources. At the same time, the tendency of local public officials experiencing political crises and an unequal distribution of wealth in many developing countries leads to a high demand for bribery. Regulators' attempts to promote an accountability and transparency policy platform usually fail because domestic laws in developing nations tend to focus on the demand side of bribery (Adeyeye, 2012, p.73). Often, countries in these situations are not concerned with prosecuting the party that makes bribe-related offers or promises; rather the concern revolves around the punishment of the public officials that accept the bribes (Adeyeye, 2012, p.72). As a result, MNCs may take advantage of foreign public officials by facilitating bribery payments (Adeyeye, 2012, p.72).

2.2 The UK Bribery Act 2010 and Bribery of Foreign Officials

After years of scrutiny and criticism about anti-bribery laws in the UK, the UK Bribery Act received Royal Assent in April 2010 and came into force on 1 July 2011 (Ministry of Justice, 2011). Previous foreign bribery legislation in the UK, such as the Public Bodies Corrupt Practices Act 1889 and the Prevention of Corruption Act 1916, were deemed as inappropriate for a contemporary and ethically responsible nation operating in the global economy (Ministry of Justice, 2011). Thus, as the prominence of foreign bribery increases in society, so does the regulation attempting to control it (TI, 2010).

The UK Bribery Act is “an Act to make provision about offences relating to bribery; and for connected purposes” (c.23 p. 1). Its objective is to be a robust mechanism for corporations' transparency and accountability (Ministry of Justice, 2011). Under Sections 1 and 2 of the Act, two general provisions — the “active” and “passive” bribery clauses — are given. The former pertains to the offering, promising or giving of an advantage in order to obtain or retain business; whilst the latter refers to requesting, agreeing to receive or accepting of an advantage in order to obtain or retain business (s.1, s.2). Unlike other existing legislation such as the US FCPA 1977, the aim of the UK Bribery Act is forcing organisations to assess the adequacy of their existing anti-bribery programmes. This law contains the first distinct provision for organisations that fail to prevent bribery. Section 7 (1) stipulates that organisations subject to the Bribery Act are liable if they fail to prevent persons associated with them from committing bribery on their behalf; thereby requiring companies to take adequate measures to control bribery-related activity in their organisation (s.7.1).

Aligned with the OECD Convention, the UK Bribery Act criminalises the bribery of a foreign public official. Foreign public officials are officials who hold a legislative or administrative position of any kind of a country outside the UK. The sole purpose of a stand-alone section for bribery of a foreign public official is that regulators need to be able to have some sort of control over corporations influencing the decisions of such officials in the context of business opportunities (Ministry of Justice, 2011).

To show a company bribed a foreign public official under the Bribery Act's Section 6, Bribing a Foreign Official, requires (1) the company offered, promised or gave an advantage to the official and that (2) the advantage was one that the official was not allowed to be influenced by, as determined by the local law applicable to the foreign official (Ministry of Justice, 2011). The Act recognises that corporations may provide hospitality and promotional

business expenditures, as well as local community investments, for the purposes of image management in foreign countries. It is because of this dynamic that the Act stresses that intention for a financial or non-financial is required to establish bribery of a foreign official (Ministry of Justice, 2011).

These requirements return the focus to corporate culture by ascertaining whether or not the company did everything it could to prevent bribery. Thus the Act allows corporations to use the existence of adequate anti-bribery procedures as a mitigating circumstance (s.7.2; Yeoh, 2012a). The boundaries of the Act pushes beyond residents of the UK and organisations incorporated in the UK. As stated in Section 12(5), any organisation that does business in the UK is subject to the Act, regardless of where the act occurred. In addition, organisations are liable even if a person associated with the company commits bribery, meaning that contractors, suppliers, agents, intermediaries and anyone acting on behalf of the company is subject to the Act (Ministry of Justice, 2011).

It is essential to control corporations bribing foreign public officials. For years many researchers have argued that payments to foreign public officials threaten economic progress and efficient allocation of resources (Mauro, 1998; Cuervo-Cazurra, 2006; Venard & Hanafi, 2008; Smith, et al., 2013). Kaufmann et al. (2003) argued that bribing foreign officials represents corporations' need to make additional, irregular payments to get things done, violating the essence of economic efficiency because such payments take time and money; resources that could have been invested in more profitable, less-wasteful ways.

Kwok and Tadesse (2006) argue that developing nations have some sort of reliance on the presence of MNCs due to such influential effects. This dependency means that MNCs have wider scope in being transparent in and accountable for cross-border transactions with foreign officials. Corporations operating in developing nations, especially in high-risk bribery regions, can be the sources of either positive or negative effects, depending on the level of organisational knowledge, practices, and technologies that are transferred from the corporation to the community in which it operates (Epstein, 2007). The UK Bribery Act could create positive effects by controlling the ways in which international business processes take place.

3. Theoretical framework

This study embraces institutional theory to understand whether and how corporations change their disclosures on curbing foreign bribery in response to the UK Bribery Act. From an institutional perspective, corporations would do so in order to satisfy the institutional expectations that come from regulatory pressure and stakeholder interest. This study particularly embraces two concepts within institutional theory—institutional isomorphism and decoupling—to inform anti-bribery disclosure practices.

DiMaggio & Powell (1983 p.189) state that isomorphism is the “constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions.” The process of institutional isomorphism leads to convergence over time and ultimately to homogeneity in behaviours among organisations experiencing the same isomorphic pressure (DiMaggio & Powell, 1991; Holder-Webb & Cohen, 2012).

Isomorphism can be distinguished as institutional or competitive (DiMaggio & Powell, 1983). While competitive isomorphism is the pressure towards similarity resulting from market competition (Venard & Hanafi, 2008), this study relies on institutional isomorphism because the nature of corporations' disclosure behaviour in response to regulatory pressure is more consistent with the processes of institutional isomorphism than the comparison of cross-market competition (Deegan, 2009, p. 359).

There are three types of organizational isomorphism- normative, mimetic, and coercive (DiMaggio & Powell, 1983). Normative isomorphism derives from collective norms and beliefs to adopt particular institutional practices (Holder-Webb, & Cohen, 2012). Mimetic isomorphism is the result of organisations striving to mimic on the practices of other organisations, due to the desire to gain their legitimacy (Deegan, 2009, p. 360). Coercive isomorphism generates from formal or informal pressures on organisations that derive from regulation, mandate, or cultural expectations. Of these three types of isomorphism, coercive isomorphism has been given the most attention in the field of accounting because it is associated with regulations and standards (Carpenter & Feroz, 2001). Tuttle & Dillard (2007) suggest that coercive pressure is the most relevant in understanding the notion of corporations conforming to institutional expectations. Since the objective of this study is to investigate corporations' response to regulation, this study only focuses on coercive isomorphism, as this element of institutional isomorphism is consistent with the notion of regulation imposing pressure on corporations' behaviour.

Proponents of coercive isomorphism assume that organisations adopt a structure mandated by other organisations on which they are dependent (DiMaggio & Powell, 1983). Their need for legitimacy comes from their need to extract resources from the organisation they rely on most (Meyer & Rowan, 1977; Deegan, 2009, p.358). Corporations depend on government institutions for a variety of reasons. For example, they might rely on governments due to administrative resource reasons such as the acquisition of approved licenses. Corporations depend on government to be efficient in administration so that they may also be efficient in their response to market environments. We argue that change or coercive isomorphism is imposed by government regulation, being the UK Bribery Act. Since the motivation to conform to the demands of such regulation derives from the desire of legitimacy (Tuttle & Dillard, 2007), the government, in the form of regulation, is a powerful constituent of corporations, in which coercive pressure results in an asymmetric power relationship between the government and corporations.

Some studies provide strong evidence that government regulation is a powerful driver of changes in corporate reporting (Alciatore, Dee, & Easton, 2004; Rahaman, Lawrence & Roper, 2004). In terms of coercive isomorphism, it is suggested that regulatory pressure is an important external coercive factor that influences disclosure behaviour (Huang & Kung, 2010; Zeng et al., 2012). Regulatory pressure such as UK bribery legislation appears to have isomorphic implication because institutionalisation creates with government placing external coercive pressure via a shift in foreign bribery regulation, creating strong pressure for UK-based corporations to respond to conform to the transparency and accountability expectations of governments, NGOs and IGOs. Due to such pressures, it is proposed that changes, in the

form of an overall increase of disclosures on curbing foreign bribery, from before regulation to after regulation, will be observed in corporations subject to the UK Bribery Act. An increase in disclosures on curbing foreign bribery is expected because the pressure that is coming from governments and organisations such as OECD and TI is one that demands higher transparency of anti-bribery measures and better accountability of foreign bribery practices.

Along with coercive isomorphism, this study embraces the concept of decoupling to investigate whether the change in corporate disclosures on curbing foreign bribery, coming from regulatory coercive pressure, is substantively reflective of real allegations of foreign bribery. Decoupling is when there is a mismatch between formal organisational practices (disclosures) and actual organisational action (real events) (Dillard et al., 2004). While organisations may formally make disclosures that display conformity to institutional expectations, organisations may also decouple such disclosures from actual organisational action (Meyer & Rowan, 1977; Modell, 2001; Brignall & Modell 2000; Fiss & Zajac, 2006; George et al., 2006). It is the decoupling action from formal disclosure practices that signifies organisations' efforts to acquire or retain legitimacy, while also relieving the tensions created by external pressures for change (Jamali, 2010).

We expect that organisations' disclosures on curbing foreign bribery will have increased from 2009 to 2012, due to the UK Bribery Act imposing coercive pressure to conform to the expectations of regulators. Prior research argued that decoupling is less likely to arise in cases of coercive pressure because such pressure leaves organisations little flexibility for non-isomorphic behaviour (Oliver, 1991; Brignall & Modell, 2000; Yazdifar, Zaman, Tsamenyi, & Askarany, 2008). Therefore, evidence of corporations misaligning practices from disclosure in the face of coercive regulatory pressure (that supposedly reduces the likelihood of decoupling practices) ultimately presents an opportunity to identify the limitations of the Act in being effectively implemented in organisations.

Organisations are incentivised to decouple their disclosures from practice, due to the perceived social and legitimacy benefits that derive from appearing to have conformed to regulation, while also maintaining shareholder trust (George et al. 2006). There might also be evidence of decoupling when organisations seek to alleviate frictions arising from a misalignment of the requirements of regulation and organisations' own objectives (Jamali, 2010; Holder-Webb & Cohen, 2012). It can be suggested, therefore, that, while regulation may be a mechanism ensuring decoupling minimisation, conformity to regulation of a ceremonial nature compromises true and fair accountability and transparency targets on which regulation, such as the UK Bribery Act, was based.

In accounting, some attention has been directed to corporations' decoupling of International Financial Reporting Standards (IFRS) from real action. Rodrigues & Craig (2007) argue that, even if countries formally adopt IFRS, actual accounting practices may differ due to companies having different characteristics in different environments. This notion is consistent with our study. For example, MNCs subject to the UK Bribery Act and operating in cross-border transactions, especially in developing nations, face the challenges of doing business in

a foreign environment, similar to how IFRS adopters face challenges relating to different national or regional environments.

While institutional decoupling in existing literature is often identified in terms of absence or presence (Westphal & Zajac, 2001; Fiss & Zajac, 2006), this study instead follows the concepts derived in Sandholtz (2012). Sandholtz (2012) studied the decoupling processes within organisational responses to ISO 9000 certification standards, founding two different types of decoupling: malignant (resulting from strong organisational opposition to regulation); and benign (reflection of implementation of regulation). The current study adapts Sandholtz's (2012) concepts (see Table 1 below) to show that that decoupling can range from:

- Malignant separation: an extreme form of institutional decoupling. For example, the complete non-disclosure of foreign bribery related events, or
- Symbolic adoption: inconsistent with formal requirements of regulations, yet still perhaps provides some strategic information. For example, ceremonial or ritualistic nature of disclosures or
- Complete implementation: where organisations are found completely compliant, decoupling is benign. For example, substantive or full disclosure.

Table 1: Three Degrees of Decoupling: strategy and nature of disclosure

Degree of Decoupling	Decoupling Strategy	Nature of Disclosure
Full decoupling	Malignant separation	Non-disclosure, separation
Slight decoupling	Symbolic adoption	Ceremonial, ritualistic, generic, present but not substantial
No decoupling	Complete implementation	Substantive, detailed, full Disclosure

A range of decoupling levels, (Table 1) will help answer the research question in relation to whether corporations' change in disclosures on curbing foreign bribery substantively reflect real allegations of foreign bribery. We expect to identify the UK Bribery Act's limitation in minimising decoupling. This idea is consistent with Rodrigues & Craig (2007), who argued that decoupling of formally proclaiming adoption of IFRS and actual accounting practices raises the question of the practical effects of the formal harmonisation IFRS aims for.

4. Research Method

This study firstly analyses corporate media including annual reports and CSR reports to determine whether and how corporate disclosures on curbing foreign bribery have or have not changed over the enactment period of the UK Bribery Act. Secondly, this study considers news media articles attributed to foreign bribery allegations or incidents in relation to corporations to which the UK Bribery Act is subject to, for the purposes of comparison in order to determine nature of disclosures and degrees of decoupling.

Annual reports and CSR reports produced through the sample period of 2009 to 2012 of the companies listed on the Top 100 London Stock Exchange at 30 June 2013 were selected for analysis. The time frame from 2009 to 2012 was chosen in order to identify any shifts in disclosure practices from before, during and after legal enforcement of the UK Bribery Act

2010, being July 2011. We relied on 396 annual reports from 99 companies and 364 CSR reports from 91 companies. Companies that were excluded from the final sample were newly incorporated during the sample time period³. Companies without CSR reports for any of the sample years were also excluded for the final CSR report sample⁴.

The annual reports and CSR reports were analyzed by developing a disclosure index consistent with the prior research (e.g., Cho & Patten, 2007). A disclosure index is a practical and valid research tool, with the selection of the items based on other indices in the literature or international benchmarks such as the UK's Adequate Procedures Guidance and the TI's Adequate Procedures Guidance (Ministry of Justice, 2011; TI, 2011). This study uses such index benchmarks on good anti-bribery practice to formulate a corresponding disclosure index of good anti-foreign bribery practice.

As instructed by the UK Bribery Act, the UK's Secretary of State, Kenneth Clarke, published the Adequate Procedures Guidance to the UK Bribery Act 2010 (hereafter, UK APG) (Ministry of Justice, 2011). The UK APG assists companies in constituting what the UK Bribery Act refers to as "adequate procedures". Section 7(2) of the UK Bribery Act (2010, c.23, p. 5) states:

[...] it is a defence for a commercial organisations to prove that it had in place adequate procedures designed to prevent persons associated with the commercial organisation from undertaking bribery related conduct.

In addition to the UK APG, the disclosure index for this study draws on TI's Adequate Procedures Checklist After the introduction of the UK APG, TI published guidance to assist companies to comply with the UK Bribery Act⁵. In a March 2011 press release, only months before the official enforcement of the Act and the UK APG, Chandrashekhar Krishnan, Executive Director of TI UK, stated that:

"The Bribery Act, as passed by the last Parliament, is one of the best anti-bribery laws in the world. But the Guidance will achieve exactly the opposite of what is claimed for it. Parts of it read more like a guide on how to evade the Act, than how to develop company procedures that will uphold it... this [UK APG] undermines the Act and will limit its effectiveness. There is now a significant risk that bribery will go unpunished." (TI Press Release 30 March, 2011)

It is evident that TI found the UK's official adequate procedures guidance inadequate. Consequently, TI published 'The 2010 UK Bribery Act Adequate Procedures Checklist: guidance on good practices procedures for corporate anti-bribery programmes.' (Hereafter, TI APC) (Wilkinson, 2010). In contrast to the descriptive principles embedded within the official UK APG, the TI APC provides succinct, detailed and practical recommendations on good anti-bribery practice in the form of a thorough checklist. The TI APC definitively

³ On 2 May 2013, Glencore Xstrata plc was incorporated through a merger of Glencore with Xstrata. This newly incorporated company was ranked on the London Stock Exchange Top 100 at the date of sample data collection yet excluded from the final sample because data was needed for all sample years, 2009 through to 2012.

⁴ A total of 8 companies did not have CSR reports available on company websites. These companies were China Petroleum & Chemical Corp, DP World Ltd, VTB Bank, Magnit OJSC, Megafon OJSC, Marsh & McLennan Cos Inc, NEXT, and RyanAir Holdings.

⁵ On December 9, 2011 the UK Financial Services Authority (FSA) published a financial crime guide that places an additional layer of regulatory obligation over some organisations. This publication, although similar to the official UK APG, was excluded from this study because the FSA only applies their guidance to a specific group of authorised companies.

categorises specific operational policies and procedures, whereas the UK APG observes considerable overlap with the TI APC. It is for this reason that we have merged these two guidance documents to develop a disclosure index to measure corporations' disclosures on curbing foreign bribery. This disclosure index tool consists of five categories.

- *Managerial commitment and board oversight.* Hereafter 'Managerial';
- *Human resources and training.* Hereafter 'Human Resources';
- *Risk assessment in relation to curbing foreign bribery.* Hereafter 'Risk Assessment';
- *Measures to curb different nature of foreign bribery.* Hereafter 'Measures'; and
- *Monitoring, accounting and reviewing of curbing foreign bribery.* Hereafter 'Monitor'

These five main aspects of organisational operations in regard to companies' fight to curb foreign bribery were chosen in order to reflect the principles detailed in the UK Bribery Act as well as the key categories developed by TI. The final content analysis disclosure index comprised these five general categories and 63 individual disclosure items (see Appendix A for disclosure index). Scored against 396 annual reports and 364 CSR reports, a total of 47,880 individual observations for content analysis of corporate media were observed.

This study uses a dichotomous presence versus absence score, in which '1' equals disclosure and '0' equals no disclosure, to score against the content within corporations annual and CSR reports, using the aforementioned disclosure checklist tool. Such procedures are consistent with Cho & Patten (2007), who also use a disclosure index as a tool for measuring disclosures. Identifying relevant sentences to include in a count is arguably more subjective than identifying presence versus absence whilst page counting has also been argued as being a weak measure of disclosures due to reports being of different margins, formats and fonts (Hooks & Van Staden, 2011).

This study also uses analysis of news media articles through qualitative procedures such as text and statement interpretation. News media plays an important role in public policy and receives special attention for its political, cultural, social and economic influences (Fico et al., 2008). News media analysis is an unobtrusive means of analysing interactions that occur in society; and is therefore used in this study to examine allegations of foreign bribery related incidents. Texts were analysed and compared with corporations' disclosures to understand whether and to what degree corporations' disclosures on curbing foreign bribery were substantively reflective of media's allegations of foreign bribery related incidents. Understanding the degree of substantial reflection indicates the level of decoupling adopted by the sample companies. In this study a qualitative case-based manner is used to examine decoupling as a response to institutional coercive pressures. This approach is consistent with prior research (Edelman et al., 1991; Elsbach & Sutton, 1992; Westphal & Zajac, 2001). However, unlike prior research, this study attempts to explain different levels of decoupling—from no decoupling, to slight decoupling, to full decoupling. Hartz & Steger (2010) use news media content analysis of German newspapers in order to explore the changing nature of organisations and their managers in relation to corporate governance, whilst Fiss & Hirsch (2005) also use news media content analysis on US-based newspaper articles in order to analyse the public discourse on globalisation. Accordingly, we adopt the same method of analysis as Hartz & Steger (2010) and Fiss & Hirsch (2005).

Using the Dow Jones Factiva database, this study extracted all news media articles that contained the word “bribery” or “corruption” for each of the sample companies. This study reviewed the following leading global news media including *BBC*, *USA Today*, *The Washington Post*, *The New York Times*, *The Wall Street Journal* (USA, Europe and Asia), *The Guardian*, *The Sunday Times*, *The Times*, *Financial Times*, *The International Herald Tribune*, *The Sun*, *The Sydney Morning*, *The Australian Financial Review*, *The Daily Telegraph*, *The Irish Times*, and presses including *Reuters News*, *Dow Jones International News*, and *Agence France Presse*. Duplicates of media articles were removed so as not to distort the sample dataset. Covering the period from July 2011 to December 2012, the final data set contained 787 documents, 666 of which specifically related to foreign bribery, whilst the other 121 related to other general forms of bribery and corruption issues such as tax avoidance or money laundering. To recall, due to forceful coercive pressures, we looked at post-introduction of the UK Bribery Act, as opposed to both before and after, as it is expected decoupling will be less extensive after the introduction of the UK Bribery Act.

In an attempt compare of disclosures between companies operating in high bribe risk region and low risk region, this study uses TI’s Corruption Perception Index (CPI), which determines which countries are classified as high bribe risk and those that are not (TI, 2012). Many studies across a range of disciplines have used TI’s CPI in order to measure a country’s level of corruption and as a measure of corruption in examining associations or relationships with other variables (Shu Li & Triandis, 2006; Samanta & Sanyal, 2010; Smith et al., 2013). TI’s CPI scores countries on a scale of 0 to 100, in which 0 indicates ‘very high corruption’ and 100 indicates ‘very clean’ of corruption. A score below 50 is indicative of a high-risk bribery country (TI, 2012).

5. Results

This section shows whether and how UK-based corporations’ disclosures on curbing foreign bribery have changed from 2009 to 2012 in response to the introduction of the UK Bribery Act 2010; and whether such disclosure changes are substantively reflective of real allegations and incidents of foreign bribery.

5.1 Change in Disclosure: Pre- and Post-implementation of the UK Bribery Act 2010

An independent samples *t*-test was conducted to compare the average disclosure score for companies before enforcement of the UK Bribery Act (2009 and 2010) ($n = 99$ for annual reports; $n = 91$ for CSR reports) to the average disclosure score by companies after the enforcement of the UK Bribery Act (2011 and 2012). As shown in Table 2, all categories observed a significant ($p=.000$) change of disclosures from before to after enactment of the Bribery Act. On further examination, this change of disclosures is represented by a significant increase in the disclosure score between the two periods. The ‘Measures’ [annual reports ($t = -4.288$; $p = .000$); CSR reports ($t = -7.687$; $p = .000$)] and ‘Monitor’ [annual reports ($t = -6.503$; $p = .000$); CSR reports ($t = -9.224$; $p = .000$)] categories observed the highest mean difference. The variations among disclosures of corporations operating in different industries and high bribery risk countries are provided next.

Table 2: Results of t-tests of mean disclosure scores

	Mean		Std. Dev.		Mean	<i>t</i> -Stat.	Sig.
	Before	After	Before	After	Difference		
<i>Annual Reports</i>							
Managerial (Max = 3)	.5707	1.707	1.013	1.281	-1.136	-6.928	.000
Human Resources (Max = 7)	.798	2.430	1.163	1.911	-1.631	-7.296	.000
Risk (Max = 4)	1.712	3.056	.881	.945	-1.343	-10.349	.000
Measures (Max = 29)	6.313	9.621	4.742	6.036	-3.308	-4.288	.000
Monitor (Max = 20)	6.505	9.656	2.854	3.327	-3.414	-6.503	.000
<i>CSR Reports</i>							
Managerial	1.373	2.478	1.182	.925	-1.104	-7.019	.000
Human Resources	1.110	2.923	1.164	1.498	-1.813	-9.118	.000
Risk Assessment	1.203	2.517	.934	1.170	-1.313	-8.368	.000
Measures	6.791	12.714	4.946	5.437	-5.923	-7.687	.000
Monitor	4.318	8.439	2.607	3.570	-4.27	-9.224	.000

5.1.2 Industry Variation of Disclosure of Measures to Curb Foreign Bribery

Table 3 shows the variation of disclosures among six different industries: Mining, Utilities and Construction; General Retailers; Telecommunications and Equipment; Pharmaceutical and Medical Care; Financials; and Others⁶. The results for annual report disclosures are shown in Table 3. The results for CSR reports are shown in Table 4.

⁶ The 'Others' industry category is comprised of Aerospace & Defence, General Industrials, Media and Travel & Leisure industries.

Table 3: Industry Variation of Disclosures in Annual Reports Relating to Curbing Foreign Bribery

Average number of disclosures	Mining, Utilities and Construction		General Retailers		Tele-communications & Equipment		Pharmaceutical & Medical Care		Financials		Others		Kruskal-Wallis Test (P value)	
<i>N</i>	25		20		12		9		21		12			
	Before	After	Before	After	Before	After	Before	After	Before	After	Before	After	Before	After
Mean (Std Dev) Managerial	0.84 (1.10)	1.7 (1.31)	0.38 (0.87)	1.88 (1.16)	0.58 (1.16)	1.71 (1.36)	0.33 (1.00)	1.56 (1.31)	0.68 (1.03)	1.89 (1.28)	0.36 (0.93)	1.32 (1.44)	.355	.757
Mean (Std Dev) Human Resources	1.06 (1.30)	2.64 (1.96)	0.98 (1.30)	2.50 (2.01)	0.54 (1.03)	2.38 (2.02)	0.33 (0.71)	2.06 (1.98)	0.74 (1.19)	2.50 (1.94)	0.68 (0.99)	2.14 (1.67)	.407	.845
Mean (Std Dev) Risk	1.64 (1.03)	2.94 (1.01)	1.60 (0.90)	2.93 (1.02)	1.79 (0.66)	3.13 (1.05)	1.94 (0.85)	3.11 (0.86)	1.82 (0.85)	3.18 (0.73)	1.64 (0.91)	3.18 (1.05)	.885	.932
Mean (Std Dev) Measures	6.98 (5.66)	10.72 (6.56)	6.45 (4.02)	9.18 (4.37)	4.42 (4.40)	7.79 (7.29)	5.44 (4.84)	8.67 (7.32)	7.11 (5.22)	10.13 (6.11)	6.04 (3.54)	9.79 (5.54)	.366	.482
Mean (Std Dev) Monitoring	7.42 (3.51)	10.72 (4.04)	6.05 (2.57)	9.98 (3.67)	6.04 (3.14)	8.46 (4.16)	8.22 (4.29)	11.83 (5.72)	7.79 (3.3)	11.32 (3.15)	5.93 (3.26)	9.39 (4.04)	.318	.204
Mean (Std Dev) Total	17.94 (10.0)	28.72 (12.6)	15.45 (6.84)	26.45 (9.69)	13.38 (7.98)	23.46 (12.94)	16.28 (8.86)	27.22 (15.08)	18.13 (8.22)	29.03 (9.99)	14.64 (5.87)	25.82 (10.9)	.471	.461

Table 4: Industry Variation of Disclosures in CSR Reports Relating to Curbing Foreign Bribery

Average number of disclosures	Mining, Utilities and Construction		General Retailers		Tele-communications & Equipment		Pharmaceutical & Medical Care		Financials		Others		Kruskal-Wallis Test (P value)	
<i>N</i>	25		20		12		9		21		12			
	Before	after	Before	After	Before	After	Before	After	Before	After	Before	After	Before	After
Mean (Std Dev) Managerial	1.41 (1.12)	2.28 (1.16)	1.19 (1.27)	2.31 (0.91)	1.50 (1.36)	2.32 (1.23)	1.89 (1.05)	2.78 (0.44)	1.32 (1.22)	2.76 (0.48)	1.14 (1.12)	2.59 (0.92)	.733	.405
Mean (Std Dev) Human Resources	1.59 (1.28)	3.02 (1.70)	0.78 (0.93)	2.28 (0.96)	0.64 (1.00)	1.64 (1.43)	1.44 (1.18)	3.61 (1.24)	0.84 (1.05)	3.42 (1.43)	1.32 (1.33)	3.64 (1.12)	.123	.002
Mean (Std Dev) Risk	1.20 (1.03)	2.52 (1.22)	0.97 (0.76)	2.42 (1.02)	1.23 (0.98)	2.23 (1.54)	1.78 (0.97)	2.89 (1.22)	1.13 (0.97)	2.53 (1.09)	1.23 (0.85)	2.64 (1.16)	.440	.813

Mean (Std Dev) Measures	7.00 (4.53)	13.46 (5.14)	6.69 (5.03)	11.53 (5.37)	6.09 (6.01)	9.86 (6.83)	10.17 (6.02)	16.44 (6.57)	6.55 (4.40)	13.26 (4.33)	4.86 (4.12)	11.95 (4.18)	.406	.056
Mean (Std Dev) Monitoring	4.83 (2.77)	8.50 (2.77)	4.44 (2.44)	9.19 (3.38)	3.82 (3.64)	7.05 (5.89)	4.33 (2.86)	8.56 (2.70)	4.71 (2.30)	9.84 (3.32)	3.14 (1.45)	7.50 (2.25)	.405	.295
Mean (Std Dev) Total	16.02 (9.05)	29.78 (9.95)	14.08 (7.84)	27.72 (9.34)	13.27 (11.60)	23.09 (15.29)	19.61 (8.05)	34.28 (9.84)	14.55 (7.33)	31.82 (8.36)	11.68 (7.95)	28.32 (7.87)	.489	.366

A non-parametric test, the Kruskal-Wallis test, was run to understand whether there is significant industry variation of disclosures on curbing foreign bribery. Results in Table 3 show that, for the annual report disclosures, there were no significant variations among industries (Managerial $p = .757$; Human Resources $p = .845$; Risk $p = .932$; Measures $p = .482$; Monitor $p = .204$ and Total $p = .461$). Whilst it is acknowledged that Table 4 observed significant variation among industries ($p = .002$) for the 'Human Resources' category of disclosures in CSR reports, it is the overall observation from the other four categories (Managerial $p = .405$; Risk $p = .813$; Measures $p = .056$; Monitor $p = .295$ and Total $p = .366$) that industry variation was non-significant.

One might expect that belonging to a specific industry would impact organisations' level of disclosure. For example, some industries such as Mining, Utilities and Construction and Telecommunications and Equipment, are perceived as more bribe risky due to the exposure to foreign bribery related activity organisations may face in their operations (TI, 2011). And it is assumed that, the higher risk an organisation faces due to industry membership, the higher variation in disclosure (Cho & Patten, 2007 on environmental disclosures). Our result was not consistent with prior research as we found non-significant variation for disclosure scores before and after the introduction of the UK Bribery Act. Since almost all observation resulted with non-significant industry variation in disclosures, the results were consistent with the theoretical notion of isomorphism processes pressuring one unit in a population to behave in the same way as another unit in that same population, due to the same set of environmental conditions. The UK Bribery Act is an environmental 'condition' that sets the same standard for all organisations, across all industries. Regulation exerted this pressure across all industries because the UK Bribery Act was not industry specific. Therefore, no variation in disclosure means that organisations are behaving in the same way, consistent with the notion of institutional isomorphism.

5.1.3 The Association of Disclosures with the Number of High-Risk Bribery Countries

A potential confounding factor relevant to this study is that, industry aside, companies operating in high-risk bribery regions such as developing nations are assumed to be more exposed to public scrutiny when engaging in cross-border transactions. Accordingly, companies operating in high-risk bribery regions have incentives for disclosure beyond what is required. However, due to this investigation being a study dedicated to looking at the top 100 listed companies on the London Stock Exchange, it was expected that a majority if not

all the sample companies would multinational operating in high bribery risk regions⁷. Table 5 provides an overview of corporations in higher risk bribery regions.

Table 5: Number of High-Risk Bribery Countries in which Companies Operate, by Industry

	Mining, Utilities and Construction	General Retailers	Tele- communications & Equipment	Pharmaceutical & Medical Care	Financials	Others	Total
<i>N</i>	25	20	12	9	21	12	99
Number of companies that operate in high risk bribery countries	24	18	11	9	19	11	92
Average number of high risk bribery countries in which companies operate	15	29	24	32	12	22	134

With the exception of a few companies across all industries, all sample companies have operations in high-risk bribery countries. Table 5 shows the Pharmaceutical & Medical Care Industry as operating in the highest average number of high bribery-risk countries. Considering that the number of companies within the Pharmaceutical and Medical Care industry is the smallest (n=9), yet still operates, on average, in the highest number of high risk bribery countries, suggests that the Pharmaceutical & Medical Care industry faces a wider exposure than other industries such as Mining, Utilities and Construction (n=25; average number of countries= 15), General Retailers (n=20; average number of countries=29), and Financials (n=11; average number of countries=22). Despite these differences in numbers, it is still evident that all companies across all industries are operating in about 10 to 30 high risk bribery countries and thus face a high level exposure to threats of bribing foreign public officials. This study delves further into this relationship by determining whether the actual number (i.e., higher number of countries equals higher exposure) of high-risk bribery countries a company operates in, is correlated with a company's disclosure practice.

As shown in Table 6, before regulation, some disclosure categories such as 'Human Resources' 'Managerial' and 'Risk' results show a positive and significant correlation between disclosure and number of high risk countries. For annual reports, disclosures under the 'Human Resources' category (2009 $r=.213$, $p=.034$; 2010 $r=.239$, $p=.017$) and for CSR reports, disclosures under 'Managerial' category ($r = .251$, $p=.017$ for 2009 and $r=.211$ and $p=.044$ for 2010) were significantly correlated with companies' operations in the number of high-risk countries.

Before regulation, the only consistent result found across both channels of corporate reporting was the corporate disclosures scores under the 'Risk' category. These disclosures were positively and significantly correlated with the number of high risk bribery countries companies operate in (annual reports $r=.290$, $p=.004$ for 2009 $r=.293$ $p=.003$ for 2010; CSR reports $r=.301$, $p=.004$ for 2009; $r=.287$, $p=.006$ for 2010; $r=.207$, $p=.049$). Interestingly, the

⁷ When we refer to operation, it covers companies' operation in both home and host nations (being subsidiaries).

significant observations were all during 2009 and 2010, with the exception of ‘Risk’ disclosures in CSR reports for 2011 (even though $p=.049$ is pushing at the boundaries of statistical significance). Therefore, before introduction of the UK Bribery Act, there was a statistically significant association between the number of high risk bribery countries companies operate in and the number of disclosures on curbing foreign bribery companies make in relation to ‘Human Resources’, ‘Risk’, and ‘Managerial’ disclosure. This may be due to corporations emphasising some points of disclosure more than others, due to the perceived exposure risk pertinent to operating in a high-risk bribery region. For example, corporations operating in a large number of high risk bribery countries may have a stronger focus on disclosing information about the potential risks their employees face operating in such countries and, respectively, management’s commitment to combating foreign bribery risks.

Table 6: Association between Disclosures and the Number of High-Risk Bribery Regions with Companies’ Operations

	Number of Countries							
	2009		2010		2011		2012	
	r	P value	r	P value	r	P value	r	P value
<i>Annual Reports</i>								
Managerial	.11	0.277	.07	0.49	0.031	0.761	0.093	0.361
Human Resources	.213*	.034	.239*	0.017	0.106	0.297	0.129	0.202
Risk	.290**	.004	.293**	0.003	0.104	0.307	0.112	0.269
Measures	-0.046	.652	-.06	0.557	-0.05	0.571	-0.05	0.58
Monitor	.19	.059	.187	0.064	0.142	0.162	0.027	0.791
<i>CSR Reports</i>								
Managerial	.251*	.017	.211*	.044	.133	.201	.116	.273
Human Resources	.145	.169	.142	.179	.063	.552	.083	.431
Risk	.301**	.004	.287**	.006	.207*	.049	.163	.122
Measures	.056	.596	.056	.601	.105	.321	.024	.818
Monitor	.100	.345	.090	.396	.061	.565	-.015	.887

* $p<.01$; ** $p<.001$

Notably, for 2011 and 2012, coinciding with the introduction of the UK Bribery Act, all but one observation was found non-significant. This indicates that, no association between the number of high-risk bribery countries a company operates in and a company’s disclosures on

curbing foreign bribery, is evident in the results from 2011 and 2012. It is suggested that the UK Bribery Act created a strong pressure for companies to make disclosures of foreign bribery practices and measures to curb foreign bribery in regards to all disclosure categories. With this legislation demanding higher transparency for all companies subject to the Act , and not just those that are more exposed to bribery risks due to their geographical presence, provides results consistent with the notion of isomorphic coercive pressures – forcing units in a population to behave similarly due to similar environmental conditions.

5.2 Comparison of Media's Allegations of Foreign Bribery Incidents with Corporations' Disclosures on Curbing Foreign Bribery

News media articles were examined and compared to corporations' disclosures in order to determine whether corporations' disclosures were substantively reflective of real incidents of foreign bribery.

Table 7: Foreign Bribery Related Incidents in News Media and Related Corporate Foreign Bribery Disclosures

Industry	Media Attention of Foreign Bribery related Allegations			Foreign Bribery Disclosure Response of Alleged Companies			
	Number of Articles	Number of Companies Alleged of Foreign Bribery	Number of Incidents or Foreign Bribery Allegations	Number of Companies that made Disclosure	Number of companies that did not make Disclosure	Number of Incidents Disclosed by Companies	Number of Incidents not Disclosed by Companies
Mining, Utilities and Construction	239	6	7	3	3	3	4
General Retailers	23	2	2	1	1	1	1
Tele-communications & Equipment	159	3	3	2	1	2	1
Pharmaceutical & Medical Care	66	2	4	2	0	2	0
Financials	45	2	5	0	2	0	3
Other	134	2	2	1	1	1	1
Total	666	17	19	9	8	9	10

According to Table 7, media attention towards allegations, prosecutions or settlements of corporate bribery of foreign public officials by UK corporations is dominated by Mining, Telecommunications and 'Other' industries. The number of articles dedicated to foreign bribery related incidents, released after the implementation of the UK Bribery Act was 239

for the Mining, Utilities and Construction industries; 159 for the Telecommunications and Equipment industry; and 134 for the ‘Other’ classified industry. The Mining industry had indeed deserved the most media attention due to it having recorded the most number of separate incidents (seven incidents for six companies). The number of separate foreign-bribery incidents per industry was higher for the Pharmaceutical & Medical Care industry (four incidents for two companies); and for the Financials industry (five incidents for two companies). Table 7 reveals that, for the two pharmaceutical companies, both made disclosures for the two incidents that had been documented, whilst companies under the Financials industry made no disclosures in relation to reported incidents. Within the three industries generating the most media attention, the Mining industry indicated three out of six alleged companies made disclosures; Telecommunications documented one out of three alleged companies made disclosures, and the ‘Others’ industry documented one out of two alleged companies made disclosures. Whether such disclosures were reflective of real life allegations and incidents of foreign bribery, reported by the news media, is of significant interest. Such information will help address whether and to what degree decoupling may be observed.

Comparing news media articles on foreign bribery with corporate disclosures on curbing foreign bribery is consistent with other studies that analyse news media articles in order to determine corporations’ behaviour (Hartz & Steger, 2010). Examples of foreign bribery related incidents and the corresponding corporate disclosures (or lack thereof) are provided next in Table 8.

Table 8: Summary of Bribery Related Incidents in News Media and Corresponding Annual Report Disclosures

Company	Incident and Key Allegations	Reporting within the concern company annual reports
AstraZeneca PLC	Criminally indicted by Serbian authorities as part of a wider investigation into allegations of bribery. October 2011. <i>The Financial Times</i> .	In 2011 Annual report, AstraZeneca disclosed details of the criminal indictment. Disclosure was detailed with the parties involved in the incident and the current status of the indictment.
BAE Systems	The company failed to keep adequate accounting records related to materially substantial commission payments made to overseas agents in assisting the company to obtain contracts from the Tanzanian government to buy a radar system. January 2011. <i>The Financial Times</i>	BAE Systems did not acknowledge the settlement agreement in 2011 or 2012 annual reports.
Barclays	a. Investigated for providing \$40million loan to Tanzania to buy a radar system – the same radar system under investigation of BAE Systems. There are questions of what due diligence Barclays did on the loan to Tanzania to be reassured that the funding would not facilitate a corrupt deal. July 2011, <i>The Financial Times</i> b. Scrutinised for providing “multi-million euro loan to Lebanese arms dealer, and politically exposed, Ziad Takieddine” The loan recommendation suggested that Takieddine would act as a business partner to Barclays by helping the	a. Barclays did not disclose any information relating to this incident in 2011 or 2012 annual reports. b. No disclosures made on this incident in 2012 Annual Report

	bank further its activities with Libyan foreign public officials. July 2012, <i>Media Part</i>	
BG Group	One of BG Group's joint ventures in Aksai, Kazakhstan, Karachaganak Petroleum Operating BV, went under investigation into allegations of bribery after Detsche Post AG, a freight shipment handler, received an anonymous email alleging improper facilitation payments for moving goods through Aksai's customs office and bribe payments to Kazakh custom officials. June 2012, <i>The Wall Street Journal</i>	No disclosures on this incident within the BG annual report (2011, 2012)
BHP Billiton	<p>a. Alleged of making a \$US1 million payment to Cambodian government in 2006 to secure bauxite leases. June 2011, <i>The Sydney Morning</i>, <i>The Financial Times</i>.</p> <p>b. BHP Billiton is under investigation by the Australian Federal Police over its sponsorship of the 2008 Beijing Olympics as part of an ongoing U.S. Department of Justice investigation into possible violations of anti-corruption laws. The investigation is related to alleged hospitality or gifts to foreign officials, including Chinese dignitaries. March 2013, <i>The Australian Financial Review</i>, <i>The Wall Street Journal</i></p>	<p>a. In Annual report 2012, BHP disclosed information that it is continuing an internal investigation into allegations of "possible misconduct involving interactions with government officials" However no details were disclosed on which and why government officials were involved.</p> <p>b. No disclosure on Beijing Olympic incident within the BHP annual reports (Annual reports, 2011, 2012 or website)</p>
BP	<p>BP conducted an internal investigation into allegations of bribery at its tanker chartering division. The allegations focus on the relationship between a senior BP employee and one of the company's suppliers. March 2012, <i>Dow Jones International</i>, <i>The Daily Telegraph</i></p> <p>b. BP under investigation with UK Serious Fraud Office over bribery allegations relating to engineering projects one of its contractors is undertaking in West Asia, June 2012, <i>Dow Jones International</i>, <i>The Daily Telegraph</i></p>	No disclosures were made in BP annual reports of 2010, 2011, 2012 in relation to both incidents.
Diageo	Diageo employees or contractors paid bribes to government officials in South Korea, India and Thailand to boost sales and receive favourable tax treatment. June 2011, <i>The Financial Times</i>	Disclosure made in 2011 and 2012 annual report. Monetary settlement amount was disclosed but details of the incident were generic and not specific to the incident.
HSBC Holdings	Accused of funnelling £14m in alleged bribes paid by a British defence firm to a Saudi Arabian royal officials. October 2012, <i>The Sunday Times</i>	No disclosure made in 2011 and 2012 annual reports.
International Business Machines Corp (IBM)	IBM settled with regulators over allegations it bribed Chinese and South Korean officials to win at least \$54 million in government contracts. June 2011, <i>National Post</i> , <i>New York Business Journal</i>	In annual report 2011, there was disclosure of the settlement but it was not specific to foreign bribery related activities.
Nippon Telephone & Telegraph (NTT)	Police arrested the company's president on suspicion of bribing the NTT East employee in order to secure a contract from NTT East. November 2011, <i>Kyodo News</i>	No disclosure was made in 2011 and 2012 annual reports.
Rolls Royce	Rolls Royce faced allegations of bribery and corruption in making payments in return for a 2005 contract with Air China and a deal with China Eastern Airlines in 2010. February 2012, <i>The Sunday Times</i>	Detailed disclosure was given in financial notes to contingent liability section of annual report 2012. However disclosure was not specific to incident only that the company identified "matters of concern in these [Indonesia and China] and in other overseas markets.

Royal Dutch Shell PLC	Settled allegations that they or their contractors bribed foreign officials to smooth the way for importing equipment and materials into several countries. July 2012, <i>Dow Jones News Service</i>	Generic disclosure was given and was not specific to foreign bribery: "Shell subsidiary agreed to a Deferred Prosecution Agreement...which arose in connection with its use of the freight-forwarding firm Panalpin in Nigeria." Annual report 2012
Sainsbury PLC	A company executive received corrupt payments totalling £4.9million from directors of a major potato supplier in return for granting them a lucrative contract. July 2012, <i>Telegraph Online</i>	Incident remained undisclosed in 2011 and 2012 annual and CSR reports.
Siemens AG	Siemens managers are alleged to have made payments to high-ranking individuals in the Gulf state's Energy and Water Ministry. The company received several contracts during 2010 from the Kuwaiti government. April 2012, <i>The Financial Times</i>	Disclosure was provided in annual report 2011 and mentioned it involved a project in Kuwait, but did not mention it involved foreign bribery related payments.
Smith & Nephew	Smith & Nephew distributors paid bribes on behalf of the company's subsidiaries to Greece doctors in order to purchase Smith & Nephew's products, yet it appeared as though Smith & Nephew units were paying for marketing services, though no services were actually performed. December 2012. <i>Dow Jones News Service</i>	Disclosure in 2012 annual report was informative yet lacked substantiveness in relation to the Greek distributor scheme. The company's disclosure instead focused on claims of commitment to enhanced compliance programmes.
Total S.A.	Total allegedly paid Iranian public officers \$60m and was given contracts to develop three separate oil and gas fields in return. September 2012, <i>The Financial Times</i>	Disclosure was present, yet extremely generic and did not make reference to any oil and gas contracts: "employees were placed under formal criminal investigation for possible charges as accessories to the corruption of foreign public agents" Annual report 2012
Tullow Oil	Tullow Oil denied allegations made in the Ugandan Parliament that it paid bribes to senior government ministers. June 2012, <i>The Irish Times</i> .	No disclosure was made in relation to the allegations in 2011 and 2012 annual reports.

Results in Table 8 show that some incidents were not disclosed by companies at all. Some were disclosed but in a generic and nonspecific way, whilst others were disclosed with close attention to the details that match information provided by news media⁸. Closer examination of these companies is provided next.

5.2.1 Corporations' Response to Allegations and Incidents of Foreign Bribery: Degree of Decoupling

This study now shows the substantiveness of companies' disclosure by applying the three levels of decoupling introduced in section 3 - malignant separation, symbolic adoption and complete implementation. As shown in Table 9, out of the companies alleged with foreign bribery ($n=17$ refer to Table 7), 47 per cent ($n=8$) did not disclose the incident, 35 per cent ($n=6$) disclosed generic information in relation to the incident, and 17 per cent ($n=3$) fully disclosed detailed information in relation to the incident. Reporting occurred for both the year that incident was reported and for the following year so media and reporting time lags were

⁸ It is important to note here that in order to control time gap issues from when the incident occurred, to when the news article was published, to when corporations' were required to make publish their corporate reports this study looks at allegations and incidents from only after the UK Bribery Act. This ensures that cases arising from data collection are in the appropriate timeframe to be under the influence of the UK Bribery Act.

controlled. This indicates that considerably more companies are fully decoupling their disclosures from real events, as opposed to fully adopting regulators' call for higher transparency.

To apply these levels of decoupling to corporations' disclosure, we further examined the allegations and disclosures of the companies that met the standards of (1) receiving the most media attention, (2) operating in the highest number of bribery risk countries and (3) the nature of the incident and company's impact on society.

Table 9: Companies Classified in Three Degrees of Decoupling: strategy, nature and companies

Degree of Decoupling	Decoupling Strategy	Nature of Disclosure	Companies
Full Decoupling	Malignant Separation	Non-disclosure, separation	BAE Systems Barclays (Both incidents) BG Group BHP (Second incident) BP (Both incidents) NTT Sainsbury PLC Tullow Oil
Slight Decoupling	Symbolic Adoption	Ceremonial, Ritualistic, Generic. Present but not substantial	BHP Billiton (First incident) IBM Rolls Royce Royal Dutch Shell Siemens AG Smith & Nephew
No Decoupling	Complete Implementation	Substantive, Detailed. Full Disclosure	AstraZeneca PLC Diageo Total S.A.

Smith & Nephew PLC

In February 2012, London-based medical company Smith & Nephew PLC agreed to pay a US\$18 million fine and \$5.4 million settlement charge over the allegation that a former distributor bribed public doctors in Greece. News reports (over 100 news articles gathered), reveal that Smith & Nephew subsidiaries sold orthopedic products to doctors in Greece through a Greek distributor, whose funds were housed by the development of three shell entities in the UK, ultimately controlled by the distributor. The scheme created offshore funds and used them to pay bribes on behalf of the company to the doctors to purchase Smith & Nephew's products (Tadena, 2012). The company's accounts made it appear as though the subsidiaries were paying for marketing services, even though no services were performed. In light of the settlement charge, authorities also reported that the company agreed to maintain an 'enhanced compliance program' and appoint an independent monitor for at least 18 months to review and report on this program (Tadena, 2012). The settlement came as authorities focussed on criminalising the bribery of foreign officials in the light of the UK Bribery Act 2010. In its disclosure response, Smith & Nephew stated in 2012 annual report:

"On 6 February 2012, Smith & Nephew announced that it had reached settlement with the Securities and Exchange Commission (SEC) and Department of Justice (DOJ) in connection with this matter [sale of

products in certain countries outside of the U.S.]. Smith & Nephew has paid slightly less than \$23m in fines and profit disgorgement and committed to maintain an enhanced compliance programme and appoint an independent monitor for at least 18 months to review and report on its compliance programme to both the SEC and DOJ. The settlement agreements impose detailed reporting, compliance and other requirements on Smith & Nephew for a three-year term. Failure to comply with these requirements, or any other violation of law, could have severe consequences for the Group.” (Annual Report 2012, p. 53).

This statement reveals that the company had reached a settlement agreement after conducting an informal investigation in connection with the sale of products in certain countries. Whilst it makes some useful information publicly available, it fails to provide explicit or implicit information that the sale of products was done through bribery. There are key pieces of missing information here; that is, who specifically sold the products, to whom were the products sold, and most importantly, how the products were sold and if they benefited the Greek doctors, noting that in the Greek healthcare system, doctors are classified as government officials. The non-specificity of Smith & Nephew’s disclosure is consistent with a symbolic strategy, where the extent of decoupling between action and practice was slight, as witnessed by the missing information in the company’s passive and generic nature of disclosure. In comparison to the next company examined, AstraZeneca, Smith & Nephew’s disclosure of foreign bribery related allegations and settlements are not as detailed. With AstraZeneca PLC, we observed different disclosure and decoupling strategies.

AstraZeneca PLC

AstraZeneca is a large multinational pharmaceutical and biologics company headquartered in London (AstraZeneca annual report, 2012). AstraZeneca sells its medicinal products to patients worldwide and is therefore very much exposed to the risks of foreign bribery when advertising their products to doctors and hospitals all over the world. AstraZeneca also operates in the Pharmaceuticals industry, which was identified in Table 7 to be operating, on average, in the highest number of high-bribery risk countries. As noted in Table 8, Serbian authorities served AstraZeneca with a criminal indictment in August 2011. The indictment was reported when UK authorities intensified their commitment to scrutinising alleged bribery beyond UK borders (Jack, MacDonald & Crabtree, 2011). The company’s disclosure related to this incident is below:

“In August 2011, AstraZeneca UK Limited’s Representative Office in Belgrade, Serbia was served with a criminal indictment alleging that local employees of AstraZeneca and several other pharmaceutical companies who are also named defendants in the indictment, made allegedly improper payments to physicians at the Institute of Oncology and Radiology of Serbia. The investigation aims to verify whether certain payments would have benefited Serbian officials in violation of the United States’ Foreign Corrupt Practices Act of 1977 and the UK Bribery Act 2010. AstraZeneca filed a number of preliminary procedural objections asking the Serbian criminal court to dismiss the indictment against the Representative Office and those objections were granted in November 2011. The Serbian prosecutor then amended and re-served the indictment and, in December 2011, AstraZeneca asked the Court again to dismiss the indictment.” (AstraZeneca Annual Report, 2011, p.189)

This disclosure was clear and concise in revealing why the company was indicted and who was involved in the transaction. Since AstraZeneca disclosed the incident and explained who

was being investigated, why they were being investigated and to whom the alleged bribery payment was made, it can be argued the AstraZeneca's disclosure is consistent with the expectations of the UK Bribery Act. It is indicative of no or limited decoupling⁹.

Barclays PLC

We also looked at Barclays Bank. It was alleged of the highest number of separate bribery incidents, two of which related to bribing foreign officials. Barclays is the UK's largest multinational bank, providing financial services globally in more than 50 countries in Europe, North and South America, Africa and Asia (Barclays, 2013). It is evident that Barclays has made its worldwide stamp as a major player in the financial industry. Barclays' self-proclamation of being a "community supporter" is manifested in its various sponsorships of large global events such as the 2012 London Olympics and the 2014 Brazil World Cup (Barclays, 2013). It is because of this that it is expected that such a large MNC, operating in high risk bribery regions on a daily basis, should be all the more adamant about adhering to the call of higher transparency and accountability brought to light by the UK Bribery Act.

Table 8 shows that Barclays has been in the media spotlight regarding three different incidents of foreign bribery since 2011. Two of these incidents were not disclosed in annual or CSR reports. As shown in Table 9, in 2011, Barclays was investigated for providing a \$40 million loan to Tanzania to buy a radar system amid the international bribery probe into BAE Systems (Binham, 2011). Following BAE Systems' settlement with the UK Serious Fraud Office (SFO), Global Witness demand investigation of the funding Barclays provided to Tanzania. This call resulted from concern about the due diligence Barclays exercised on this loan to ensure that the money would not be used to facilitate corruption (Binham, 2011).

As shown in Table 8, in 2012 Barclays was scrutinised for agreeing to a multi-million euro loan to Lebanese arms dealer, Ziad Takieddine, even though he was under a major French political corruption investigation. The loan recommendation suggested that Takieddine would act as a business partner to Barclays by helping the bank further its activities with public officials in Libya (Arfi & Laske, 2012). It was also reported that the loan would expose the bank to an advantage in significant business development opportunities in Libya. Investigations of foreign bribery rightfully went underway due to the notion that Barclays may have used this loan as a 'bribe' to gain a business advantage in Libya (Arfi & Laske, 2012). Despite the seriousness of these allegations, both incidents remained undisclosed by Barclays in their annual or CSR reports. Non-disclosure is consistent with the notion of that malignant separation between the incident (real event) and the corporation's practice (disclosures)¹⁰. Such misalignment might be due to waiting for UK authorities to file litigation against the company.

⁹ Although such disclosure is consistent with no decoupling strategy, we acknowledge that the company's nature of disclosure also depends on notion of pragmatic legitimacy (Suchman, 1995) which suggests that if a certain bad news is likely to impact market or shareholder return, the company won't disclose that information.

¹⁰ Potential litigation risk and negative market reaction might be a reason behind the malignant strategy. This deserves further research attention.

6. Discussion

This study began with an important question: Whether and how corporations subject to the UK Bribery Act have changed their disclosures, from 2009 to 2012, on curbing foreign bribery in response to the 2011 enactment of this Act. We observed disclosure change in the form of a significant increase in disclosure participation and volume, consistent with the DiMaggio & Powell's (1983) theory of coercive isomorphism. Whilst TI (2011) suggests that some industries such as Mining, Utilities and Construction and Telecommunications and Equipment, are perceived as more bribe risky due to the exposure of foreign bribery-related risk pertinent to operating in a particular industry, disclosure variation among industries is not evident in this study. Indeed, some existing research in voluntary environmental disclosures (Cho & Patten, 2007; Zeng et al., 2012) found that belonging to a specific industry impacts organisations' level of disclosure; however, our results are inconsistent with Cho & Patten (2007) and Zeng et al., (2012). Reasons for this outcome may be that anti-bribery laws and initiatives were not created on the basis of being specific to particular industries (OECD Convention, 1998; Ministry of Justice, 2011). We also looked at the association between the number of high-risk bribery countries companies operate in and their respective disclosure scores. For the years before the enforcement of the UK Bribery Act (2009 and 2010), results show significant correlations under three of the five disclosure categories (Managerial, Human Resources and Risk). However, after the enforcement of regulation, 2011 and 2012, results do not show conclusive evidence of correlation between the number of high-risk bribery regions and corporation's disclosure score. This is consistent with institutional coercive isomorphism imposing pressure on organisations to behave in the same way regardless of the amount of exposure to bribe-related risk faced due to geographical presence.

Investigation into whether such disclosures were decoupled from real life allegations of foreign bribery is arguably the heart of this paper and is what differentiates this study from others that examine corporations' reporting behaviour in response to regulation. The detailed presentation of company case examples illustrates how the apparent compliance to the UK Bribery Act is contradicted by the mismatch of disclosures from practice. It is suggested that companies adopting a malignant separation decoupling strategy, where disclosure of a foreign bribery related incident is absent and decoupling is full (see Table 1), signals that the adoption of regulation to the extent that disclosures are substantially reflective of real events remains decoupled from organisational practices. For example, Barclays PLC did not disclose information relating to their corrupt indirect business activities with Libyan officials, suggesting the company decoupled its disclosures from reality in the ultimate form of being substantially non-reflective of real events. This strategy means malignant separation and complete absence of related disclosure. In hindsight, the UK Bribery Act still holds a coercive pressure over organisations, as observed by the significant increase in the number of companies disclosing information and their related disclosure volume. The presence of coercive pressure means that, at this stage, the regulation is a formal structure with incentives for compliance and a rational discourse justifying its adoption (Zbaracki, 1998; Sandholtz, 2012).

To explore the impact of regulation, one may look at society, seeing that standard setters and regulators have an influential relationship with organisations (Meyer & Rowan, 1977). While organisations seek legitimacy by conforming to the expectations of regulators (Deegan, 2009 p. 360), the regulation itself is either substantively or symbolically implemented (DiMaggio & Powell, 1983; Sandholtz, 2012). It is at this organisational level where the fate of regulation (whether it is effectively implemented or not) is determined. Thus, for regulation to be put into effective practice, it must overcome ‘boundaries’ within the institutional field. Such boundaries are between the regulators and the organisations and management within the organisation (Sandholtz, 2012).

It is interesting to speculate how corporations’ disclosure response to regulation can be so malignantly separated from actual practice that full decoupling is observed. Jacobsson (2000) provides insights into how regulation can encounter problems in being effectively implemented in organisations. Regulation is a form of expert knowledge represented as rules that are de-contextualised in space and time. It is because of this that an organisation’s own experts may easily construe regulation as being irrelevant or intrusive (Sandholtz, 2012). Decoupling is not necessarily a dysfunctional behaviour designed to mislead external stakeholders, but is analysed as a way of maintaining balance between different rationales.

Organisations adopt a strategy that is non-isomorphic; that is, going against the forces of coercive isomorphism to ensure access to external resources (i.e., government, NGO and IGO approval) and to control internal use of resources (i.e., legitimacy and shareholder trust) (George et al., 2006). When organisations fully decouple their disclosures from action, it is argued that they are trying to combine external and internal resources by disclosing some relevant information but at the same time reconciling shareholder trust (George et al., 2006). This could explain why this study observed some companies’ disclosures were substantively reflective of foreign bribery incidents whilst others were not.

We proposed that, at the stage of symbolic adoption, slight decoupling is observed and a company’s disclosure is of a ceremonial and ritual nature (Refer to Table 1). Through extensive analysis, this study found that disclosure of symbolic nature lacks specific details crucial to the real life incident, consistent with the notion of generic disclosure (Fiss & Zajac, 2006; Holder-Webb & Cohen, 2012). This was exemplified by Smith & Nephew, who disclosed information relating to foreign bribery settlements yet did not detail that its improper activity was bribery payments to foreign officials that benefited the foreign officials in return for a business advantage.

Companies disclosing their ethical compliance programs in relation to the UK Bribery Act and other relevant anti-bribery laws can also often overshadow their practice of slight decoupling. For example, Barker, Pacini & Sinason (2012) suggest that one of the main reasons for companies to disclose information about having an anti-bribery compliance program is to mitigate penalties in the event of violation. This is because the existence of a compliance program is a significant mitigating factor in the prosecution and/or settlement of company’s bribery charges (Ministry of Justice, 2011). Therefore, slight decoupling strategies may not always indicate that the disclosure was just missing crucial information, but the generic nature of the disclosure may be misconstrued as useful and substantial due to

an overwhelming amount of information given on compliance programs promoting internal controls and accounting policies and procedures (see Smith & Nephew case in Table 8).

For organisations to effectively implement regulation so that their corporate disclosures substantially reflect real events, their goals to curb foreign bribery need to be transformed into actionable anti-foreign bribery programs. Such transformation requires management commitment; board oversight; and contributions from departments such as human resources, risk assessment, auditors, corporate governance, and public relations (Ministry of Justice, 2011; Wilkinson, 2010).

Yet it appears the toughest obstacle for regulation in making a substantial impact on corporations' disclosures is integrating the requirements of regulation with the norms, incentives and contextualised practices of those individuals participating in corporate reporting and disclosures (Sandholtz, 2012). This is because the regulation endowed with governmental authority and stakeholder interests must mesh with the true incentives of management. Since the requirement to disclose adequate procedures on curbing foreign bribery remains primarily voluntary, it is the management group that may exercise volition, which is how companies were considered to have substantially disclosed information, as exemplified in the case of AstraZeneca.

As organisations disclosing information relating to their adequate anti-bribery measures remains primarily voluntarily (Ministry of Justice, 2011; Milford, 2013), this factor is of crucial importance in understanding the disclosure behaviour of corporations in response to the UK Bribery Act and in comparison with related news articles. Bertomeu & Cheynel (2013) suggested that, in an environment where disclosure is voluntary, firms support the demands of regulation because they are not subject to mandatory disclosure. Based on the findings from this study, we concur corporations significantly increased their disclosure volumes thereby supporting the Act's call for higher transparency. However, the Act does not dictate a distinct set of disclosure requirements or reporting obligations for commercial organisations. Bertomeu & Cheynel (2013) argue that, when complete disclosure rules are given it not only encourages a wider adoption of the regulation in question, but also facilitates effective and substantial adoption. It is, therefore, argued that there is a need for the UK Bribery Act to set out specific and clear requirements for the purposes of clarifying organisations' reporting practices. This is consistent with Behnam & Maclean (2011), who argue that the clarity of regulation determines organisation's ability to not participate in decoupling practices.

7. Conclusion

Given the status of the UK Bribery Act, as well as external stakeholder interests, in the fight against foreign bribery, the objectives of this study were to (1) understand whether and how UK-based corporations disclosures on curbing foreign bribery have changed from 2009 to 2012 in response to the 2011 enactment of the UK Bribery Act and (2) investigate whether such disclosure changes are substantively reflective of real allegations, incidents or events relating to foreign bribery in order to determine whether corporations decouple their disclosures from actual practice. Results of this study in relation to the first objective show

that the UK Bribery Act has significantly influenced corporations' disclosure behaviour. This is consistent with DiMaggio & Powell's (1983) notion of coercive isomorphism. Based on extensive media content analysis, results in relation to the second objective find that in general, organisations' disclosures are not substantively reflective of real allegations or incidents of foreign bribery. While 17 companies were reported to have been involved in foreign bribery incidents, eight companies adopted a malignant separation strategy, did not make disclosure in relation to the incident which is therefore indicative of full decoupling. Six companies of the 17 companies followed through with a symbolic adoption strategy, made ceremonial and generic disclosures in relation to the incident which is therefore indicative of slight decoupling. Lastly, three out of the 17 companies appeared to have adopted a complete implementation strategy which entailed full disclosures in relation to the incident and no decoupling between disclosure and practice. Since the purpose of the Act was to ensure corporations' accountability and transparency in cross-border transactions it was expected that the number of companies decoupling their disclosures from action, would be less than the number of companies not decoupling their disclosures from action by making full disclosure of foreign bribery related incidents. The results, however, show that this was not the case. Reasons for this are the difficulties in effectively implementing regulation in organisations because regulation has to overcome and mesh with the norms and practices of those inside the organisation.

The findings of this study contribute to existing knowledge in a four ways. Firstly, this study delineates foreign bribery as a stand-alone societal concern from broad matters of corruption and occupational fraud. Understanding foreign bribery and organisations' practice in curbing foreign bribery is crucial for both MNCs as well as regulators. The World Bank estimated that countries improving their control of worldwide bribery could lead to a 400% increase in incomes per capita (World Bank, 2013). Secondly, the UK Bribery Act is the first of its kind. It is unprecedented in many of its requirements. Thus this is the first known study that investigates UK Bribery Act's influence on corporations' disclosures, accountability and transparency of foreign bribery. Thirdly and perhaps more interestingly, this study contributes to existing theoretical knowledge. Prior studies on decoupling have primarily argued that decoupling is less likely to arise in cases of coercive pressure (regulation) because such pressure leaves organisations little room for pushing the boundaries of non-isomorphic behaviour or non-compliance (Modell, 2001). Although decoupling is supposed only to marginally exist in the presence of coercive pressure, we found that decoupling appears rather extensive. Fourthly, implying that the UK Bribery Act is limited in ensuring decoupling minimisation is consistent with the views of those enforcing the law itself. For example, the 2013 World Bribery and Compliance Forum, hosted by the UK SFO (primary prosecutors of the UK Bribery Act), reveal that SFO officers felt there were major issues in the way the Act was implemented in organisations (Milford, 2013). This study, therefore, has the potential to be of practical use for authoritative bodies responsible for prosecuting foreign bribery in the UK.

There are some limitations to this study. Analysis of news media articles is exposed to subjectivity in the comparison and interpretation of the disclosures. In saying this, the statements and texts were analysed in such a way that facilitated effective interpretation and

accurate comparisons. Despite precautionary measures such as cross-checking referencing between news publications of facts within articles, data validity might be threatened and media might be biased (to any direction) due to the individual ideologies of those publishing it. Since news media analysis is focused on the messages, as opposed to the message producers (Fico et al., 2008), there is a potential limitation in the time lapses from when the foreign bribery incident in question took place, to when the media reported about it, to when the company published their corporate reports.

The issue of foreign bribery deserves further research attention. Further research may analyse how the UK Bribery Act influences companies of other jurisdictions in order to gauge the effectiveness of the Act on a global scale. Another pathway for future research would be to use examination from the perspective of local professionals and communities in developing nations to see whether the Act influence local businesses that are prone to foreign bribery offers from MNCs.

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Appendix A: Disclosure Index : Corporate Disclosures on Curbing Foreign Bribery

MANAGERIAL COMMITMENT AND BOARD OVERSIGHT

1. The company has a Code of Conduct, equivalent policy document or value statement that includes an explicit statement of the no-bribes policy
2. There is a policy for the company to be consistent with all relevant anti-bribery laws in all jurisdictions in which the company transacts its business
3. Reference to key individuals and departments involved in the development and implementation of the organisation's foreign bribery prevention procedures

HUMAN RESOURCES AND TRAINING

4. Employees are required to read and annually sign that they have read and agree to the company's anti-bribery programme and business conduct guidelines
5. There are policies and procedures for continuing appropriate training of directors, managers, employees, agents and other intermediaries so that they clearly understand the company's anti-bribery programme, know the company's expectations and the sanctions procedures in the event of a violation
6. There are policies and procedures to make clear through communications that no employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if such refusal may result in the company losing business
7. The company assesses training activities on the programme periodically for effectiveness for curbing bribery
8. Number of employees being trained
9. Number of employees terminated for bribery-related reasons
10. Amount of expenditure on employee training in regards to anti-bribery

RISK ASSESSMENT OF ANTI-BRIBERY PROGRAM

11. The board or equivalent body has oversight of the risk assessment process for bribery in the organisation
12. The risk assessment process identifies and prioritises risks from bribery (e.g. country risks, sectoral risks)
13. Number of times risk assessment process is carried out in a year
14. Detailed policies and procedures are developed and improved based on the risks identified in which they are benchmarked against universal business principles for countering bribery (E.g. reference to Transparency International, OECD, or UK Bribery Act 2010)

MEASURES TO CURB DIFFERENT NATURE OF FOREIGN BRIBERY

Facilitation Payments

15. There is a procedure to record accurately in the books any facilitation payments made
16. Training and guidance is provided to employees likely to encounter risks of facilitation payments on how to deal with them
17. Senior management reviews and monitors implementation of the no-bribes policy with regards to facilitation payments
18. Number of facilitation payments made
19. Monetary amount of facilitation payments

Gifts, Hospitality and Expenses

20. The company prohibits the offer or receipt of gifts, hospitality or expenses whenever these could affect or be perceived to affect the outcome of business transactions and are not reasonable and bona fide expenditures
21. There are procedures and controls, including thresholds and reporting procedures, to ensure that the company's policies relating to gifts, hospitality and expenses are followed and conform to the anti-corruption laws of the countries where they are made or received
22. Gifts, hospitality and expenses given or received are documented and reviewed by management to ensure compliance with the anti-bribery policies
23. Number of gifts given
24. Monetary amount spent on gifts, hospitality and expenses

Political Contributions

25. There is a procedure to record any political contributions made accurately in the books
26. The policy and procedures reflect the particular risks of political contributions being used as a subterfuge for bribery
27. The policy specifies that political contributions shall be in accordance with applicable anti-corruption law
28. Number of political contributions made
29. Monetary amount of political contributions

Social and Charitable Contributions

30. There is a written policy covering charitable contributions
31. Contributions are subjected to procedures and controls to ensure they are not used as a subterfuge for bribery to gain undue advantage for the company
32. There is a procedure for due diligence is carried out on recipient bodies that no foreign public official is associated with the body that will gain an advantage in the conduct of business
33. Number of social/charitable contributions made
34. Monetary amount of social/charitable contributions

Sponsorships

- 35. There is a written public policy covering sponsorships
- 36. There are procedures for approval and payment of sponsorships to ensure payments are in line with the normal purchasing procedures and associated with corrupt practices
- 37. A list of sponsorships made is published publicly to ensure transparency in alignment with the organisation's anti-bribery programme
- 38. Number of sponsorships the organisation provides
- 39. Monetary amount given for sponsorships

Agents and Other Intermediaries

- 40. The company contractually requires its agents and other intermediaries to keep proper books and records available for inspections by the company, auditors or investigating authorities to ensure practices are aligned with the organisation's anti-bribery programme
- 41. It is the company's policy that compensation paid to agents and other intermediaries is paid through bona fide channels and not to off-shore accounts

Contractors and Suppliers

- 42. The company has policy and procedures to make known its anti-bribery programme to contractors, subcontractors and suppliers
- 43. The company has measures of training given to contractors and suppliers

ACCOUNTING, MONITORING AND REVIEW OF FOREIGN BRIBERY**General Monitoring**

- 44. External consultants used to monitor, advise and assure the organisation's anti-bribery programme
- 45. An external verification or assurance has been conducted
- 46. Internal auditors are used to monitor and advise on the organisation's anti-bribery programme
- 47. Number of members in the audit committee who have oversight over ethical matters such as bribery and corruption
- 48. The company provides secure and accessible channels through which employees can raise concerns and report violations ('whistle blowing') in confidence and without risk of reprisal

Accurate Books and Records

- 49. There is a procedure to implement accountability throughout the company and its subsidiaries to enforce internal controls and proper books and records in relation to transactions with foreign public officials
- 50. There are procedures to maintain available for inspection accurate books and records that properly and fairly document all financial transactions
- 51. There are procedures to ensure that there are no 'off-the-books' accounts, inadequately defined transactions or false entries

Collective Action

- 52. The company is a member of or supports an anti-bribery initiative
- 53. The company takes part in local collective action to counter bribery

Internal Controls

- 54. The internal controls include financial and organisational checks and balances over the company's accounting and record keeping practices and other business processes related to the anti-bribery programme
- 55. There is an audit committee that provides oversight of internal controls, financial reporting processes and related functions including countering bribery
- 56. Number of times internal controls are reviewed and assessed in the year

Dealing with Incidents

- 57. There is a procedure in reporting foreign bribery-related incidents to the authorities
- 58. The company publishes publicly details of public legal cases of foreign bribery involving the company
- 59. Number of foreign bribery-related incidents
- 60. Monetary amount the organisation is penalised for bribery related incidents
- 61. Monetary amount of contingent liabilities arising from bribery related incidents

Business Relationships Policy

- 62. There is a policy to require or encourage the implementation of an anti-bribery programme equivalent or similar to its own in entities with which the company has significant business relationships

Significant Investments

- 63. The company monitors its significant investments periodically to check that their anti-bribery programmes are adequate and working

Source: The above index has been developed from Transparency International's adequate procedures guidance (Wilkinson, 2010) and UK's adequate procedures guidance (Ministry of Justice, 2011) with adaptation.